

NORTHWESTERN SPECIAL SERVICE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Lang & Company
Certified Public Accountants
Tax, Accounting & Financial Planning

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)
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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Northwestern Special Service District
Veyo, Utah

We have compiled the accompanying balance sheet of Northwestern Special Service District (a component unit of Washington County, Utah) as of December 31, 2005, and the related statement of revenues, expenses, and changes in fund equity, and statement of cash flows, for the calendar year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A Compilation is limited to presenting in the form of financial statements information that is the representation of the board. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Lang & Company

July 31, 2006

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

Our discussion and analysis of Northwestern Special Service District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2005. All of the financial activity resulted from "business-type" activities.

FINANCIAL HIGHLIGHTS

Total revenues from business activity were \$137,701 in 2005.

Total business expenses were \$147,328 in 2005.

Non-operational revenues and expenses to the district were as follows:

- a. Grants from The State of Utah were \$16521.
- b. Interest earned in 2005 totaled \$940.
- c. Net assets during 2005 increased by \$10,655. Change in net assets is detailed in the District's Financial Reports.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial reports; Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows, comprise pages 7-9. Standard and acceptable accounting practices are followed in preparation of these reports. The purpose of the financial reports is to identify revenues and expenses resulting from business activities. The net income or (loss) from operations, adjusted for depreciation, identifies the performance of the District. Certain key financial ratios taken from the Statement of Net Assets help identify financial strength and liquidity. Since the District is operated as an enterprise fund, there are no fund statements presented because all operations of the District are reported using the accrual method of accounting.

REPORTING THE DISTRICT BUSINESS OPERATIONS

Our analysis of the District as a whole begins on page 7. The key financial reports provide the accounting from which reports herein are created. The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets summarize the District's business operations for the year and provide a basis for assessing financial strengths and weaknesses. From the reports, trends are monitored and budgets are prepared for future years. These reports are prepared using the accrual accounting method, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or payment made. (Note: The detailed Compilation Report is available for review at the Brookside Fire Station.)

In the statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets, the District shows all of the activities in one fund.

Business-type activities--The District charges customers a stand-by fee for fire services. The charge is considered to cover the cost of providing those services.

REPORTING THE DISTRICT'S SIGNIFICANT FUND

The District has only one fund, which accounts for the activity of the District. The entity-wide financial statements, which begin on page 7, provide detailed information about the operations of the District as a whole. The District's only fund is operated as an enterprise fund. Enterprise funds are reported using an accrual accounting method, which records expenses when they are incurred and records revenues when they are earned. The District does not have any governmental type funds.

THE DISTRICT AS A TRUSTEE

The District does not hold any funds or property in a trustee capacity.

THE DISTRICT'S KEY FINANCIAL REPORTS

NET ASSET REPORT

	BUSINESS-TYPE ACTIVITIES 2005
<u>ASSETS</u>	
Current and other Assets	\$ 83,595
Capital Assets	607,005
TOTAL ASSETS	\$ 690,600
<u>LIABILITIES</u>	
Current Liabilities	928
Noncurrent Liabilities	250,000
TOTAL LIABILITIES	\$ 250,928
<u>NET ASSETS</u>	
Restricted-Impact Fees	\$ 18,531
Unrestricted	421,141
TOTAL LIABILITIES & NET ASSETS	\$ 690,600

Net assets of the District are \$439,672. Unrestricted net assets -- the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements -- are \$421,141. There is \$18,531 in impacted fees that are restricted for fire station purchase and replacement. These net assets are used to finance the continuing operations of providing fire protection services to property owners.

THE DISTRICT'S KEY FINANCIAL REPORTS (Continued)**CHANGES IN NET ASSETS****REVENUES**

Business Activities

Standby Fees	\$ 64,485
Fire Response & Wildland Fire Funds	49,063
Impact Fees	18,531
Gain on the Sale of Fixed Assets	2,820
New Customer Setup Fees	3,059
Collection Fees	178
Late Charges	2,386

General

Grants	16,521
Interest Income	940

TOTAL REVENUE	\$ 157,983
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EXPENSES

Fire Station Operation and Maintenance	\$ 81,470
Advertising	486
Collection/Database Expense	4,800
Depreciation	49,836
Dues & Subscriptions	60
Elections Expense	1,247
Office Supplies	663
Postage & Printing	635
Professional Fees	8050

TOTAL EXPENSES	\$ 147,247
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CHANGE IN NET ASSETS	\$ 10,735
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Net Assets-Beginning	\$ 428,938
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Net Assets-Ending	\$ 439,672
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Change in Net Assets	\$ 10,735
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The District's operational goal for future years is to continue to strive to run the District's operations from charges for services. Other governmental assistance particularly in the form of grants will be required for upgrades and improvements. During 2005 the district began assessing impact fees for future upgrades of their system.

THE DISTRICT'S KEY FINANCIAL REPORTS (Continued)

CASH SOURCES AND USES

CASH SOURCES AND USES:

Beginning Cash Balance as of January 1, 2005	\$ 38,042
Change in Net Assets	
Depreciation (Expense not Requiring Cash)	49,836
Accounts Receivable Decrease (Source of Cash)	3,550
Fixed Asset Increase (Use of Cash)	(269,590)
Long Term Debt Increase (Source of Cash)	250,000
Prior Period Adjustment (Fixed Assets)	7,834
Total Changes in Assets	\$ 41,631
Ending Cash Balance as of December 31, 2005	\$ 79,673

Use of all funds are controlled and authorized by the District's Board of Directors. The Board of Directors has delegated the day to day operation to the Fire Captains. The Fire Captains follow the spending limits and budgets as approved by the Board of Directors. All major and capital expenditures are approved by the Board of Directors. The Board approves an annual operational budget and forwards it to Washington County and also submits copies of the budget to the State Auditor as required by Utah State law.

BUSINESS ACTIVITIES AND PURPOSES

Revenues for the District are generated by providing standby fire protection services to those who reside within the District's service area. This is the only source of operating revenue that is received by the District. In the current year, the District received a grant from the State of Utah to purchase equipment. The district instituted an impact fee in 2005 on new construction to help pay costs of fire station purchase and replacement

DEBT MANAGEMENT

The Northwestern Special Service District was approved for a loan of \$300,000, as of December 31, 2005 the board had received \$250,000 of the loan proceeds. The loan is from the Community Impact Fund Board. Terms of the loan require payment of principle and interest over 20 years with 3.5 percent interest.

BUDGETARY HIGHLIGHTS

The 2005 budget was adopted for the current year on December 1, 2004. Since the District operates as an Enterprise Fund, it is only required to comply with the budget on an entity wide basis. The original budget amount was \$84,930 later amended to \$147,195, to include fire response from the State of Utah, impact fees and grants.

CAPITAL ASSETS

As of December 31, 2005, the District had net capital assets of \$607,005. In 2005, \$273,590 of fixed assets were purchased and \$4,000 was sold. Future budgets will account for anticipated capital asset acquisitions. The budget for 2005 does estimate or anticipate capital expenditures. The following table shows the balance of capital assets as of December 31, 2005, net of depreciation.

Capital Assets at Year-End (Net of Depreciation) December 31, 2005

Air Packs	\$ 9,198
Fire Trucks: #603 Central White 1/2 Ton	0
Fire Trucks: #605 Central Crown F12	1,769
Fire Trucks: #612 Gunlock 4x4	0
Fire Trucks: #609 Veyo Ford P/U	0
Fire Trucks: #611 Veyo 76 GMC	0
Fire Trucks: F 450 Super Duty Diesel	5,038
Fire Trucks: 2004 Truck Purchases	314,098
Fire Trucks: Enterprise	6,000
16' Flat Trailer	130
Veyo Fire Station	265,805
Equipment	4,967
Furniture/Fixtures	0
Net Capital Assets	<u>\$ 607,005</u>

Capital expenditures are not anticipated by the 2006 budget.

ECONOMIC FORECAST AND FUTURE BUDGET

The District is aggressive seeking state grants to expand the fleet of trucks to ensure that those within the District are have sufficient resources. Revenues from business activity for 2006 have been budgeted at \$134,500. Expenses are budgeted at \$134,500.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our community and customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Treasurer.

Exhibit A

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)**

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2005

**BUSINESS-TYPE ACTIVITY
ENTERPRISE FUND**

FIRE PROTECTION SYSTEM

ASSETS

Current Assets:

Cash and Cash Equivalents

\$ 79,753

Accounts Receivable and Other Current Assets

3,842

Total Current Assets

\$ 83,595

Noncurrent Assets:

Veyo Fire Station

266,090

Air Packs

\$ 37,990

Fire Trucks

434,859

16' Flat Bed Trailer

750

Equipment

8,481

Furniture & Fixtures

12,650

Accumulated Depreciation

(153,815)

Total Noncurrent Assets

\$ 607,005

Total Assets

\$ 690,600

LIABILITIES AND NET ASSETS

Total Liabilities

\$ 250,928

Net Assets:

Fund Balance

439,672

Total Net Assets

\$ 439,672

Total Liabilities and Net Assets

\$ 690,600

" See accountants' compilation report and accompanying notes."

Exhibit B

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2005**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND FIRE PROTECTION SYSTEM
Operating Revenue:	
Charges for Services:	
Standby Fees	\$ 64,485
Fire Response & Wildland Fire Funds	49,063
Impact Fees	18,531
Administrative Charge	3,059
Collection and Late Fees	2,564
Contributions	
Total Operating Revenue	\$ 137,702
Operating Expenses:	
Fire Station Operation and Maintenance	\$ 81,470
Advertising	486
Collection/Database Expense	4,800
Depreciation	49,836
Dues & Subscriptions	60
Elections	1,247
Office Supplies	663
Postage & Printing	635
Professional Fees	8,050
Total Operating Expenses	\$ 147,247
Operating Income (Loss)	\$ (9,546)
Non-Operating Revenues (Expenses)	
Interest Income	\$ 940
Gain on the Sale of Fixed Assets	\$ 2,820
Grants	16,521
Total Non-Operating Revenue (Expenses)	\$ 20,281
Change in Assets	\$ 10,735
Total Net Assets-January 1, 2005	\$ 428,938
Total Net Assets-December 31, 2005	439,673

" See accountants' compilation report and accompanying notes."

Exhibit C

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2005**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND FIRE PROTECTION SYSTEM
Cash flows from operating activities:	
Cash received from customers	\$ 137,702
Cash payments to suppliers for goods and services	<u>(97,411)</u>
Net cash provided (used) by operating activities	\$ 40,290
Cash flows from capital and related financing activities:	
Grants	\$ 16,521
Net Cash provided (used) by capital and related financing activities	16,521
Cash flows form investing activities:	
Interest on investments received	\$ 940
Decrease in Receivables and Other Assets	\$ 3,551
Increase in Fixed Assets	\$ (269,590)
Increase in Long Term Debt	<u>\$ 250,000</u>
Net cash provided by investing activities	<u>(15,098)</u>
Net increase (decrease) in cash and cash equivalents	\$ 41,713
Cash and cash equivalents at beginning of the year	<u>38,042</u>
Cash and cash equivalents at end of the year	<u>\$ 78,755</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (9,546)
Adjustments to reconcile operating income(loss) to net cash provided(used by operating activities:	
Depreciaton	<u>\$ 49,836</u>
Total Adjustments	<u>49,836</u>
Net cash provided by operating activities	<u>40,290</u>

" See accountants' compilation report and accompanying notes."

**NORTHWESTERN SPECIAL SERVICE DISTRICT
(A COMPONENT UNIT OF WASHINGTON COUNTY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwestern Special Service District, was created as a special service district in the year 1997 by the Washington County Commission pursuant to the terms and provisions of the Utah Code Annotated, 1953, as amended, Utah Special Service District Act, Section 11-23-1 and -29. The District operates under a Board of Directors form of government and is a component unit of Washington County. The Board's authority is derived from the County Commissioners, who have ultimate responsibility for the District.

The Board consists of five board members, each of whom is elected. The primary purpose of the District is to provide fire protection services to those who reside within the District's service area. The accounting policies of Northwestern Special Service District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. A significant change in the Statement included for the first time is:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

This and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

A. Reporting Entity

Northwestern Special Service District is a special service district. The financial statements of the District cover all financial activities over which the District has oversight responsibility. The basis for inclusion or exclusion of other entities in the District's financial statements was based on the criteria set forth in the Governmental Accounting Standards Board (GASB) pronouncements. The basic criteria for including an entity, a board, or an agency in this report is interdependency, ability to designate management, ability to significantly influence operation, and accountability for fiscal matters. According to the above criteria, no other entities, boards or agencies are required to be included in the District's financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash Flows. The District is considered a special-purpose government engaged only in business-type activities. It is classified as a proprietary fund type and operates as an enterprise fund. Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that its costs of providing goods and services to the general public on a continuing basis, be financed or recovered primarily through user charges. The function of the District is to provide fire protection services to the population, which lives within the District's boundaries. The financial statements of the District consist only of an enterprise fund and neither fiduciary funds nor component units that are fiduciary in nature are included.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Therefore, revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government wide or proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first then unrestricted resources, as they are needed.

Amounts reported as charges for service include charges to customers or applicants for goods and services associated with fire protection.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenue of the District are standby charges to customers for fire protection services. Operating expenses for the District include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Budgeting**

The District follows the budgetary practices and procedures required by State law. These requirements are summarized as follows:

1. The District adopts a formal budget
2. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditures for the year. The budget must balance—that is estimated revenues and expenses must equal.
3. On or before November 1st, the District prepares a tentative budget and files it with the Washington County.
4. The tentative budget is a public record and is available for public inspection for at least ten days prior to the public hearing held to consider adoption of the budget.
5. Notice of the scheduled public hearing is published at least ten days prior to the meeting.
6. Public hearings are held on the tentatively adopted budget. Members of the public may comment on the budget and recommend changes to the Board.
7. The Board considers the comments made by the public and makes final adjustments to the budget.
8. By December 31st, the Board adopts the budget by resolution. A copy of the budget is certified to the County Auditor and is filed with the State Auditor within thirty days of adoption. A certified copy of the budget is available for public inspection.
9. The budget may be amended to reflect changes in circumstances, which occur during the year.

E. Capital Assets

Capital assets, which include land, buildings, furniture, equipment and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District, as an asset with an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings, furniture, equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture	5
Equipment	5
Vehicles	5-10

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits

Public funds held by the District may be deposited or invested only in instruments listed below and meet objectives outlined by State statutes, including: (a) safety of principal (b) need for liquidity and (c) yield on investment.

Qualified investments:

1. Negotiable or non-negotiable deposits qualified depositories.
2. Repurchase agreements with qualified depositories or primary reporting dealers.
3. Commercial paper, which is P-a by Moodys Investment Services or A-a by Standard and Poors, Inc. having remained term to maturity of 180 days or less.
4. Banker's acceptances.
5. Other negotiable deposits of \$100,000 or more.
6. Obligations of the U.S. Treasury.
7. Obligations issued or guaranteed by some agencies or instrumentalities of the United States.
8. Tax anticipation and general obligation bonds of state and local governmental units.
9. Various other loans in accordance with Section 52-7-17 of the Utah Code Annotated 1953.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, Northwestern Special Service District considers all highly liquid investments (including restricted assets) with maturity of six months or less when purchased to be cash equivalents.

H. Accounts Receivable

Accounts receivable arise from charges to individual District customers billed and uncollected at the end of the fiscal year for fire protection services.

I. Inventories and Prepays

The District does not maintain inventories at this time.

2 DEPOSITS AND INVESTMENTS

At December 31, 2005, cash on deposit at Wells Fargo bank was \$32,793, 18,502 and 1591. These deposits all are covered by Federal depository insurance and are classified as Category 1 under GASB Statement 3. Deposits are not collateralized nor are they required to be by State Statute.

The District follows the requirements of the Utah Money Management Act (the Act) in handling its depository and temporary investment transactions. This law requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

2 DEPOSITS AND INVESTMENTS (Continued)

Investments are categorized into the following three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

Investments are carried at amortized cost and consist of the following at December 31, 2003:

The District has \$26,787 in category 2 funds placed with the State Treasurers Investment Pool.

The Utah Public Treasurers' Investment Fund, managed by the Utah State Treasurer, is an external deposit and investment pool wherein governmental entities are able to pool the monies from many entities to improve investment efficiency and yield. These monies are invested in securities permitted by the Money Management Act and contain no withdrawal restrictions. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets being depreciated				
Veyo Fire Station	\$ -	266,090		\$ 266,090
140-Air Packs	37,990			37,990
141- Fire Trucks:#603 Central White 1/2 Ton	15,000			15,000
141- Fire Trucks:#605 Central Crown F12	6,000			6,000
141- Fire Trucks:#612 Gunlock 4x4	5,000			5,000
141- Fire Trucks:#609 Veyo Ford P/U	5,000			5,000
141- Fire Trucks:#610 Veyo 56 SeaGrave	4,000		4,000	-
141- Fire Trucks:#611 Veyo 76 GMC	3,000			3,000
141- Fire Trucks:F 450 Super Duty Diesel	18,317			18,317
141- Fire Trucks:2004 Purchases	375,042			375,042
141-Fire Trucks:Enterprise	-	7,500		7,500
142-16' Flat Trailer	750			750
151-Equipment	8,481			8,481
152-Furniture/Fixtures	12,650			12,650
Total Capital Assets being depreciated	\$ 491,231	\$ 273,590	\$ 4,000	\$ 760,820
Less Accumulated Depreciation	\$106,799	\$51,016	\$4,000	\$ 153,815
Business-type activities capital assets, net	\$384,432	\$222,574	\$0	\$607,005

4 LONG-TERM DEBT

The Northwestern Special Service District was approved for a loan of \$300,000, as of December 31, 2005 the board had received \$250,000 of the loan proceeds. The loan is from the Community Impact Fund Board. Terms of the loan require payment of principle and interest over 20 years with 3.5 percent interest.

5 ACCOUNTS RECEIVABLE

Accounts receivable include the accrued amounts for cutomers that have been billed for services during 2005, but have not made their payment by the end of 2005. For the year ended December 31, 2005, an allowance for doubtful accounts has not been recorded in the books because Utah code allows fire standby fees to be attached to property tax and collected by the County Treasurer.

6 BUDGET VARIANCES

During the year ended December 31, 2005, the District received addition fire response, impact fees and grants in the Enterprise Fund and the budget was amended December 7, 2005 to recognize the receipt of unexpected income and expenses. The district was within the amended budget for expenses, income exceeded the amount budgeted.

PENSION PLAN**7**

During the year ended December 31, 2005, the District did not have a retirement plan in force.